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FROM : AMERICAN EMBASSY, TAIPEI.
TO : THE DEPARTMENT OF STATE, WASHINGTON.
REF : See end of despatch.

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DESP. NO.

For Dept.	ACTION FE	DEPT.	OLI S/S G L C S/P
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SUBJECT: PREREQUISITES TO A RETURN TO THE CHINA

FOREWORD:

The present despatch reexamines the logic as well as the conceptual adequacy of present United States aid programs for Free China. The armistice in Korea largely removes any prospect that the United Nations forces now stationed there will again be used offensively in that theater. Such portion of these forces as may be kept in Korea presumably will have no more than a defensive mission, and, in due course, no more than defensive capabilities. For the foreseeable future, therefore, the armies of Free China will represent the only ground forces available to the Free World in the Far East with actual and quickly expandable offensive power for potential use outside the territory where they are now stationed. Another unique feature of both political and military significance is that of all the countries which have been conquered by the Communists, only Free China has been able to retain control of a territory corresponding to Formosa. Considerations such as the foregoing are of particular significance at the present time when there is active support from various quarters for admitting Red China into the United Nations. This step would be accepted throughout Asia as representing acquiescence by the Free World in mainland China's definitive loss to the communists. abandonment of any hope that the Iron Curtain might almost inevitably be followed by the expected move forward and, in due course, engulf what remains of Asia. Only purposeful, adequate and consistent support by the United States of its friends in the Far East, involving exploitation of the Free World's resources in that area, offers any hope of directing the course of events along a more favorable course.

There are many valid objections to adopting a positive military policy toward the Chinese National Government; there would be many and serious difficulties to overcome. The choice, however, lies between a few difficult alternatives. Of these, a positive policy appears to offer better chances (1) to deter Communist aggression and thereby prevent or at least postpone another major war in the Far East, (2) to avoid stumbling into another armed conflict for which the United States is not prepared, and (3) of being in a position to exploit evidences of

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communist weakness and helping to roll back the Iron Curtain in consequence.

References in this despatch to military particulars are by way of illustration only.

Comments by individual officers of the Embassy are appended.

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Periodic reexamination of the possibility of a "return to the mainland" by the Government of the Republic of China is essential in the development of American policy. This is true for the following reasons, among others:

1. A return to the mainland for the purpose of liberating China from communism is the central aim of all Chinese National Government policy and planning; it is the hope without which morale on Formosa could be expected to collapse.
2. A return to the mainland by the Government now located in Formosa is contingent upon support from the United States.
3. The United States cannot commit itself in advance to supporting the Chinese National Government in a return to the mainland, at least not until the prospects for the success of such a project are much clearer and more promising than at present.
4. On the other hand, the United States should not exclude from its planning the possibility of a return to the mainland by the present Government on Formosa, or its legitimate successor, under some future circumstances when it would appear to be in the American national interest to support such a return.

If the foregoing numbered statements are accepted, it appears that the United States is justified in continuing its present policy of assisting in the development of military strength on Formosa substantially in excess of minimum defense needs. Only in this way will it be possible to sustain the necessary morale, to obtain the essential degree of cooperation from the Chinese Government and its armed forces, and to have at hand a worthwhile margin of offensive military power for various possible uses. The extent and character of this margin of power evidently should be determined by the various alternative purposes for which it might be employed, as well as by the capability and willingness of the Chinese Government to make effective use of the American aid to be extended. Paralleling this development of its offensive power, the

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Chinese Government should reach agreement with the United States upon mutual commitments as to the conditions under which such power is to be used. As the policy-determining nation, the United States should retain the means to assure adherence to these commitments.

It should be possible to establish the general character of important offensive operations in which Chinese National forces might conceivably play a major role within the next few years. Such operations could include one or more of the following, among others:

1. Occupation of Hainan Island.
2. Occupation of Luichow Peninsula.
3. Landing in Bias Bay and drive to Canton, possibly as a means of relieving an attack on Hong Kong.
4. Occupation of Swatow area.
5. Occupation of Fukien coastal area.
6. Occupation of Nimrod Sound area.
7. Occupation of Shanghai area.
8. Exploitation of hinterland after initial success in one or more of above.

The operations mentioned above are limited to the regions south of the Yangtze, since it seems impossible at present to foresee circumstances in which the Chinese National forces now on Formosa could take a major part in military operations to the north of that river. In any event, some such assumptions as the foregoing would provide a basis for planning the offensive power which it is advisable to create on Formosa, including the absolute and relative emphasis to be given to amphibious training and equipment, to armor of various kinds, to fighter and bomber aircraft, to paratroops, to motor transport etc. Unless planning is thus related to possibilities, it may be questioned whether the present large American outlays on Formosa, over and above minimum defense needs, can be justified. The Chinese armed forces would not be ready to take the offensive when required, and would not need to be considered by the Communists when embarking upon new aggression elsewhere than against Formosa itself.

If the United States is willing to undertake the purposeful development of the Chinese Nationalist military establishment for possible offensive use, it would seem desirable that this development should be limited only by the capabilities of the Chinese on Formosa. The United States is by way of spending something in the neighborhood of one billion dollars on aid to Free China during the fiscal years 1951 through 1956 in any case. A comparatively modest additional expenditure could produce a very large percentage increase in offensive power. For example, the United States is now supporting directly, although not completely, 21 Chinese divisions. Several miscellaneous units and seven additional divisions receive indirect or incidental American support, but are under United States influence to a minor degree only. Yet within perhaps 12 months, with no enor-

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mous increase in cost to the United States and without undue strain upon the resources of Formosa, it should be possible to have a total of, say, 36 divisions of 11,000 men each, reasonably well equipped and trained. Of these, probably 20 would be available for operations outside Formosa and the adjoining islands, as against less than five divisions today.

Of course, it will be hoped that peace and security may be reestablished in the Far East without mounting a military offensive from Formosa. The very existence of such offensive power, however, could contribute importantly to a general settlement in favor of the Free World, and might well represent the difference between defeat and victory, whether or not it is ever called upon to undertake a major military operation.

If the United States Government is ready to accept the implications of developing offensive power on Formosa, and to harmonize as far as possible the present seeming divergencies between its aims and those of Free China, it would seem appropriate to call upon the Government of the Republic of China to lay its cards on the table as well. Practical cooperation between Chinese and Americans in carrying out military and economic programs is, of course, essential. It is already on a satisfactory basis. Similar cooperation in the United Nations Organization also has developed in a gratifying manner. But Free China has yet to persuade the United States and other countries of the Free World that it can play a decisive role in liberating the China mainland from communism. Free China cannot do this in any case without purposeful American support, while the United States presumably could not accomplish the same result alone. The question remains whether Free China is willing to make the necessary effort if the United States is willing to provide the opportunity.

Quite aside from military considerations, the Government of the Republic of China is faced with the continuing problems of maintaining its position as the legal government of China and as the regime best qualified to rule all of that great country. This requires astute and strenuous diplomatic and political exertions. It also calls for ever greater and more effective efforts to gain the support of world opinion by establishing its claim to represent the Chinese people. A sustained effort by the Chinese Government is essential to improve its fundamental position in this regard, and to persuade public opinion, particularly in the United States which is supplying political, military and economic aid, of the extent of its accomplishments in winning a broad base of support among the people of China. Confucius held that of the three essentials of government, obtaining the confidence of the people was the most important, with the provision of food ranking second and of arms third.

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Various criteria have been used by sovereign powers to justify the recognition of another government, including:

1. Whether the government exercises effective control over the territory which its organs occupy;
2. Whether it endeavors to fulfill its international obligations;
3. Whether it enjoys the support of its people.

It may be admitted that the Chinese Communist regime exercises reasonably effective control over Mainland China. On the second point, however, it has adhered to the well established Communist tradition of ignoring all or nearly all accepted standards of international conduct. The extent to which the Peking regime enjoys popular support remains, unavoidably, a matter of opinion. Allowance must be made for the presumed fact that a majority of the vast population of China are largely indifferent to political matters. Of those who are politically conscious, however, it would appear that a substantial majority are now in latent opposition, at least, to their Communist rulers.

On the basis of the above three criteria, therefore, the Chinese Communist regime would qualify for recognition by a foreign power only on the first count at best. The Chinese National Government, however, qualifies for international recognition with respect to the territory it occupies, not only on the basis of its effective control but also by reason of its sincere efforts to fulfill its international obligations, in addition to enjoying popular support to at least as great an extent as any other regime which might obtain control over Formosa and the adjacent islands under present conditions.

There remains the possibility that the Communists in Peking may choose to mend their ways in terms of international conduct, or at least persuade various foreign governments that they are doing so. The immediate practical difference in the positions of the two opposing regimes would then lie chiefly in the ability of each to persuade public opinion, both at home and abroad, that it enjoyed the greater popular support.

Certainly, any considerable expansion of American aid to Formosa, beyond a modest margin over purely defensive requirements, may be expected to be contingent upon evidence of popular support for the Chinese Government among the population over which it now rules. If such support is manifestly greater than that available to the Communist regime on the Mainland, the American Government and people may be persuaded that the Chinese National Government is capable of liberating the China Mainland under certain conditions. The United States could not be expected to favor such action in this direction, however, unless it were satisfied that in returning to the Mainland the Chinese National Government could gain the support of

the Chinese people to a distinctly greater degree than any alternative regime. Without such popular support there would be little prospect of its ultimate success.

In working toward its chief goal - liberation of the China Mainland - it is evident, therefore, that one of the most urgent tasks of the Chinese Government is to let the American Government and people know more about its actual and potential claims to popular support. This is not a doctrinaire approach to determine the progress of "democracy" in Free China. It may be regarded as simply a realistic precondition to obtaining the amount of American aid and support which Free China desires.

Popular support cannot be measured convincingly by mass demonstrations, parades, banners, slogans or the editorials of a controlled press. On any such basis Communist states easily surpass all others, but the free world knows that these manifestations can be arranged on an imposing scale by governments which are detested by a great majority of their people. Similarly, the population of a country may be peaceful not because they enjoy obeying their rulers but because of the existence of a harsh and oppressive police system. Fortunately, however, there are adequate and practical ways to measure popular support which are applicable to Formosa at the present time.

Popular Elections

1. To what extent have the popular elections held on Formosa since 1950 influenced the Government to be more responsive to the needs and wishes of the people?
2. What has been the place of the KMT and the other parties in these elections? Have the various party candidates and independent candidates enjoyed substantially equal opportunities during the electoral campaign and the actual voting? Have the elections been more than a mere referendum for or against the KMT? Have the results reflected popular opinion on important issues?
3. What progress has been made in transferring actual power of decision in important matters to popularly elected authorities?
4. What is to be the next step in extending popular elections beyond the local (district and municipal) category?

Freedom of Expression

1. How free is the individual on Formosa to express his views in public so long as he does not incite to violence or advocate Communism?

2. To what extent is the press subsidized by the state and restricted in its criticism of the state by fear of police action even in the absence of any actually illegal activities?

Freedom of Movement

1. Why is it necessary to impose severe restrictions on travel to and from Formosa by foreigners, including Americans? Why are visas for tourists often long delayed, residence permits sometimes denied to respectable persons for no stated reason, and the obtaining of exit permits surrounded by formalities, even for travelers stopping only for a couple of days?

Civil Rights and Control of Subversion

1. What are the nature and extent of Communist efforts at subversion on Formosa since the Chinese Government moved its seat to that island?
 - a. How much of this effort is due to individuals from the Mainland? How much to Formosans?
 - b. To what extent have these operations been brought under control and by what methods?
2. How many persons, military and civilian, have been executed in Formosa during each year since 1949, and for what crimes?
3. How many persons, military and civilian, are in prison or otherwise under detention on Formosa and adjoining islands, and for what reasons?
 - a. Has this number increased or decreased in recent years?
 - b. How many of these persons are awaiting trial and for how long?
 - c. What safeguards exist to prevent anyone from being arrested without a legal warrant and kept in prison without a proper judicial hearing for an indefinite period of time?
 - d. How many civilians have been tried by military courts and to what extent were they represented by qualified counsel?

- a. Do the rules of evidence and procedures followed by military courts in the trial of civilians uphold the basic safeguards guaranteed to the individual by the Chinese Constitution?

Economic Policy

1. The statement is often made that Chinese Government policies have favored the development of government enterprise over private enterprise. What measures have been adopted to promote private enterprise? How does the rate of growth of industrial production in fields dominated by private enterprise compare with that in industries in which government enterprise predominates?
2. Why is bank credit granted to government entities engaged in purely industrial and commercial activities on terms much more favorable than those available to private enterprise?
3. What are the Government's policies and plans regarding the transfer of the government enterprises (other than those affected by the "Land-to-the-Tiller" program) to private ownership?

It is believed that frank and detailed answers to questions such as the foregoing will show that the policies followed by the Chinese Government on Formosa during the past three years have been comparatively enlightened on the whole and have shown a steady although modest advance. Subversive activities have been brought under control, while a considerable degree of individual freedom has been maintained. Progress has been made in developing government based upon the popular will. There remains the task of persuading the American Government and people that this record continues to show an improving trend and that it gives promise of gaining sufficient popular support on the China Mainland to provide reasonable justification for the Free Chinese Government's hope of returning there. Other than for fortuitous developments which may happen to favor Free China's cause, the approach just outlined would seem to be the most promising method of gaining the American support necessary to implement a policy appreciably transcending that of a mere denial of Formosa to the Communists.

The Chinese Government might appropriately be invited to accept responsibility for developing answers to the above questions for the guidance of the American public, particularly of the United States were prepared to adopt the positive policy suggested earlier in this despatch.

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Tokyo.

K. L. Rankin

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References:

- a) Taipei Despatch No. 58, dated October 17, 1950, entitled:
"Return to the Mainland".
- b) Taipei Despatch No. 399, dated February 3, 1953, entitled:
"United States Objectives and Courses of Action with
Reference to the Government of China on Formosa".

Enclosures:

- 1. Comment by Mr. Howard P. Jones.
- 2. Comment by Mr. Robert W. Rinden.
- 3. Comment by Mr. Peter Hooper.
- 4. Comment by Mr. William A. Buell.

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COMMENTS BY HOWARD P. JONES:

I concur strongly with the point of view presented in the accompanying despatch.

Broadly speaking, I would approach the problem of American policy on Formosa on the basis of the following assumptions:

1. Communism is committed to a program of world expansion.
2. So long as this is true, it is not possible to live peacefully except temporarily; cold war or hot war in varying degrees is inevitable.
3. A policy of containment not only is not enough, it is impossible of achievement when the enemy is left with the power to strike when, where or in what way he will.
4. In the Far East we are faced with a situation in which a maintenance of the status quo for any length of time seems improbable. Communism is a dynamic force. It will either advance or be forced to retreat as the result of application of superior force.
5. It is therefore necessary to face up to (a) the likelihood of gradual absorption of all Asia into the Communist camp or (b) a roll-back of the Chinese Communists as the result of positive action from the outside.
6. Within the foreseeable future, (that is, until Japan rearms) Chiang's forces are the only Asian forces capable of being built up to accomplish the objective in 5 (b).

It is, of course, possible to assume that national security and internal development are the matters which are for the time being of greatest concern to the Chinese Communists. If this be accepted, it is conceivable that Communist China will embark upon a program of "Live and let live", beating the drum of peaceful co-existence of capitalist and communist nations. Thus might be repeated the pattern of Soviet Russia in the period following World War I.

This is a thesis which the writer cannot accept. The forces impelling Red China to an expansionist program, to a reassertion of China's dominance in Asia, are too powerful and too dynamic to be internally resisted. But even were this thesis to be accepted, it would seem all the more reason for strengthening our own position either against the day of conflict which must come unless the Communists abandon their world program or in a positive effort to throw the Communists off balance before they are prepared.

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Much more probable, in the writer's opinion, is continuing Communist penetration of Southeast Asia which seems too ripe a plum to be resisted. Everywhere Red China looks, no matter in what direction, unless it casts its eyes across the Formosa straits, it sees weakness instead of strength. Thailand, Burma, Indo-China -- all to the Communist must seem ripe for the plucking. Will he wait for the free world to consolidate its position in Asia as it has in Europe? Will he wait for a strong Japan to rise as the defender of the free world's position in Asia? It seems hard, likely. The lesson of a re-arming Germany could hardly be neglected by those considering its Asian parallels.

This is not to say that any Red China expansion must be necessarily in the nature of a military expedition by their own troops. On the contrary, the probabilities are that every effort will be exerted to make the transition to Communism appear as an indigenous development in any given country in which Red Chinese participation will take the form of assistance to dissident groups, including military assistance if, as and when such effort would appear likely to turn the scales. Infiltration, subversion-- the sponsoring of revolutionary movements wearing the cloak of nationalism such as the new Thai state--all these would appear to be probable methods of increasing pressure in the near future, with the powerful, battle-seasoned Chinese Red Army ever poised across the border.

If this analysis of future developments is correct, a United States policy dedicated to the prevention of further Communist expansion, if not to actual liberation of Communist held territories, might well have to consider the sponsorship of offensive action against the Chinese mainland as an essential element in its long range strategy.

In any assessment of the free world's assets and liabilities in Asia, one fact stands out sharply; ^{WITH THE EXCEPTION OF KOREA,} Chiang Kai-shek has the only Asian army in Asia which is dedicated to anti-communism and at the same time is strong enough to be a factor worthy of consideration. The question then arises, shall we restrict the possible usefulness of this army to the defense of the island of Formosa or shall we consider that the time may come when the free world may need it for a broader field of activity? If we consider that this possibility may exist, then I submit now is the time to put in the slight additional investment which within a comparatively short time could transform Chiang's army from a purely defensive force into a force with a strong offensive capability.

There has been considerable discussion of the concept of "strategic reserve" in connection with the building up of Chiang's military forces. This neglects consideration of the interests and plans of the Chinese Nationalists on Formosa. Chiang's interest in a Chinese army with an offensive capability is to launch an assault

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on the mainland. To the extent that this objective has an identity of interest with objectives of the United States Government, and to this extent only can this army be utilized. It is, therefore, not enough to build up Chiang's army with the idea that it will be on hand to be used wherever and whenever a further threat to the free world emerges in Asia. This fails to meet the requirements of either a positive anti-Communist program or the dedicated purposes of the Chinese Government on Formosa.

When the Eisenhower administration came into office, it inherited the limited policy of retention of Formosa in the orbit of the Free World and the build-up of Chiang's forces for defensive purposes only to enable him to resist Communist attack. If there is any expectation of successfully stemming the tide of Communism in Asia, a more positive policy must be envisaged, in my opinion. Chiang's forces must be built up until they have the capability, with logistical support from the United States military forces, to establish and hold a beachhead on the mainland.

There is no need to answer at this time the question as to when or under what circumstances, the United States would assist Chiang in launching an assault on the mainland. The important thing is to establish as an objective of US policy the creation of such capability for the Chinese military forces on Formosa.

One final word. It has been said so often that it hardly bears repeating that the Communists respect only force, yet in our planning we seem all too often to neglect this fact. In my opinion, the Berlin blockade would have been broken in 1948 had we forced the route to Berlin with tanks and guns. From a purely defensive position on Formosa, little can be accomplished. True, it announces to the world that Formosa is part of the Maginot Line of the U.S. But beyond that, its role in the world struggle becomes a purely passive one. If we so limit the possibilities of our strength, we are, in effect, handing the enemy a weapon.

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COMMENTS BY ROBERT W. RINDEN:

In view of the marked military superiority of the Chinese Communists, the success of a Nationalist counterattack would seem to depend in large measure upon whether effective support would be given Nationalist forces by anti-Communist Chinese on the mainland. The latter's motivation to assist the Nationalists would be presumably a mixture of hostility towards the Communist regime and desire for the Nationalists' return to power. In a police state like Red China it would be exceedingly dangerous for unarmed civilians to attempt to assist an invading military force -- as well as extremely difficult for them to provide effective assistance. (On June 30, 1953, Korean Foreign Minister PYUN Kung Te is reported as having said: "...The era of people revolting and undertaking to overcome the government with spears, pitchforks and rocks is past. Today the weapons in the hands of the people are no match for the superior arms controlled by the government in power.") Only really intolerable conditions under the Communists or great expectations with regard to the Nationalists would call forth meaningful support for a Nationalist counterattack.

It seems important that, in trying to appraise the Chinese mainlanders' reactions to their present condition, likely American reactions to similar tyranny and hardship should not be projected into the situation as the Chinese have demonstrated almost incredible powers of endurance in this regard. Necessarily preoccupied with the problem of sheer subsistence, most Chinese seem to concern themselves very little with politics and questions of civil and political liberties. The problem of a full rice bowl is perforce the leading issue of the day for most Chinese.

That the Chinese have a low sense of civic consciousness --- owing to the Confucian tradition, inter alia, --- appears well recognized. They are not given to sacrificing themselves or their families for the good of the community or nation; they are disposed in any situation to try very hard to make sure that their participation will be personally advantageous. (Needless to say, their attitude is not unique.) It is, however, this disposition of the Chinese to play it safe that makes it so difficult to correct governmental abuse or corruption because virtually no one wishes to incur possible personal disadvantage by speaking out against the evils he condemns privately. There are prominent Chinese officials in Taipei who speak most critically, in deepest confidence, to Americans of the failings of the administration in which they serve but it is notable that the solution they usually have for the difficulties cited is for Americans to intervene in one way or another. As self sacrifice for the common weal does not seem a Chinese characteristic, it may be doubted whether such qualities would manifest themselves among the China mainlanders at the time of a Nationalist counterattack.

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The cumulative impression given by many reports on Red China, collected by the American Consulate General at Hong Kong, is that the bulk of the populace of Red China is dissatisfied with its present lot but cowed by Communist police state controls. These reports have not indicated that general discontent had reached such a peak as would prestage popular uprisings against the MAO regime. Moreover, these reports have stated that some segments of the population (unfortunately, rather key ones) such as the army, students and government employees are content with the communist administration.

Turning to the other factor, the compelling desire of the people of Red China for the return of the Nationalists because of conviction that the Nationalists offer far more than the Communists in a better way of life, it is obvious that real economic, political and other achievements on Formosa of an outstanding nature are essential. Accomplishments are not, however, enough --- there remains the problem of convincing the Chinese people on the mainland of what has been accomplished. The communication of these facts to them is seriously hampered by ineffective, uncoordinated Nationalist propaganda efforts at present and by the deftness and thoroughness of Communist propaganda activities. It has been widely said that the skill of the Communists in this field did a very great deal to undermine popular support for the Nationalists in the latter years on the mainland. In view of the Communists' network of propaganda outlets all over continental China they would be in a good position to counteract Nationalist informational efforts. Despite Nationalist accomplishments on Formosa, it is still true that their administration on the mainland, notably in the last few years, was a remarkably unsuccessful one (as Nationalist leaders frequently admit in public and private). On the mainland memories of the Nationalists' failings may be expected to continue for some time and to raise doubts as to the reality of their present reformation. President Chiang Kai-shek is surely regarded in Red China, as elsewhere, as the outstanding leader of the anti-Communist Chinese; his name also for many evokes memories of disastrous days on the mainland. It is this circumstance that explains, in part, the argument of not a few anti-communist Chinese (not necessarily minor political party and "Third Force" members) that a new leader of the Nationalists is needed if the Chinese on the continent are to be convinced that the leadership and works of Free China are new and better.....not just the old, slightly refurbished.

Giving full credit for the very real attainments of the Nationalists on Formosa in political and economic and other spheres, there would seem to be much more to be achieved before their accomplishments would be so striking as to arouse the intimidated Chinese on the mainland to effective resistance against their present masters --- in support of a Nationalist counterattack --- always assuming, of course, that what had been done in Free China had been made known to them and had been accepted as true.

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The success of the famous Northern Expedition (pei fa) is usually attributed largely to the exceedingly adept, comprehensive political work done in advance of the troops of Generalissimo Chiang Kai-shek. The Expedition's success resulted from political work "at the grass roots" not from demonstrated military prowess. Shanghai, for example, turned over to the Nationalists almost without violence and without undergoing military attack.

Accordingly, if political work (essentially of the type done in preparation for the Northern Expedition) could be done by the Nationalists among the mass of the mainland Chinese people (or at least intensively among the people of the area to be liberated) the military inferiority of the Nationalists might be overcome, but, lacking this careful political preparation, the Nationalists could hardly expect to repeat in the proposed counterattack the successes achieved by their inferior military forces in 1926-1927.

In summary, the hostility of the mainland Chinese to the Communist regime would have to be intense and their desire for the Nationalists' return would have to be compelling before they would likely offer the kind of support for liberating Nationalist forces that would be essential to a successful counterattack.

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COMMENTS BY PETER HOOPER:

I. Strategic Considerations -- Twenty-one or Thirty-six Divisions?

To justify the effort and expense which would be involved in attempting to increase the number of US-equipped and trained divisions on Formosa from 21 to 36 within the span of a year, it would seem that more than a list of possible invasion points in South China is required. Two more basic questions need to be answered:

1. Under what conditions or circumstances would it clearly be in the interest of the United States to support the actual launching of such an invasion?
2. To what extent, if any, should the United States be committed to prevent the Chinese Communists from annihilating or ousting the invading forces?

Granted these are questions which must be answered by the strategists on a global scale. However it would seem to me that short of a third world war, we would not want to commit ourselves to unreserved support of an attempt by the Chinese Nationalists to regain a permanent hold on the mainland or a significant section of it. If, for example, the Communists should embark on a serious push in Indochina, a mainland invasion by 15 or 20 National Government divisions might divert the Communists partially or totally from such aggression. In any event the Chinese Communists could be relied upon to meet such an invasion with sufficient force and determination to defeat it no matter what might happen to its advance in Indochina during the interim. Then what? Are United States forces to be thrown into battle on the mainland to save the situation? There may be strong political compulsion to do so. But is it worth the inevitable weakening of European defense and the risk of World War III?

On the other hand, if we intend merely using Formosan divisions for diversionary raids the recommended expansion to 36 divisions hardly seems necessary. If we are going to launch a "return to the mainland" without committing US ground forces, then 36 Chinese divisions, even if they were all to be engaged, would appear pitifully inadequate when measured against more than 4 million Communist troops.

If our policy is to seek stabilization in the Far East and repel further Communist aggression, it would seem more appropriate to continue building up the defenses of the more vulnerable areas of Free Asia before attempting to give Formosa a semi-offensive posture. On the other hand, if our policy is to drive the Communists from China at all costs, then we should frankly admit it and undertake the mammoth preparations required for a major war. If we are not

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prepared to do that, sooner or later we shall have to admit that economic warfare, political pressure and nuisance raids will not suffice to deprive the Chinese Communists of their present control of the mainland. The long-run alternative is to accept the fact of two Chinas and attempt to influence the gradual processes of political change along lines favorable to the free world.

II. Political Considerations - Formosan Reform as a Factor Influencing United States Support for "Counterattack"

There seems to be general agreement that the Chinese Government could not retake the mainland or a significant section of it without extensive assistance from the United States and intensive Chinese preparation of both a military and political sort. In analyzing the possibilities of successful counterattack, one must take into account factors determining the policies of both governments (the United States and the Republic of China), and especially the time factor.

There is no doubt that more spectacular progress in democratic reform on Formosa would gain additional friends and more enthusiastic support for the cause of Free China both in the United States and on the mainland. It is doubtful, however, that within the next two or three years such an accomplishment would by itself make a return to the mainland possible. Potential popular support for Chiang Kai-shek cannot now be placed at par with actual sovereign control as a factor determining future rule over the China mainland. When and if passive dissatisfaction with the Communist regime develops into imminent rebellion the two determinants might be equated but not at present.

Formosan political reform would evoke additional sympathy in the United States. Yet, unless Red China engages in new aggression this sympathy would not be likely to achieve the proportions required to swing the present US Administration into costly action on the Asian front to the detriment of European defense build-up. Thus, I think it would be misleading to present to the Chinese the proposition that lack of political reform is the major remaining obstacle to their return.

A serious Sino-U.S. undertaking to launch a mainland invasion would probably require at least two years. Reserves would have to be called up, divisions filled out and technical training greatly accelerated. Munitions and supplies would have to be shipped in at many times the present rate during a period when pressure to arm Germany and Japan may be expected to be high. The rather pitiful psychological warfare program currently being directed at the mainland population would have to be considerably expanded, made more effective and be more purposefully directed at the vulnerable areas in South China. Progress on Formosa would be only one of many propaganda items to be exploited. Others would include Soviet-Com-

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Communist destruction of Chinese culture, tradition and the family organization as well as many down-to-earth economic themes. It is probable that neither U.S. precepts of democracy nor the esoteric KMT doctrine of the third phase of the Chinese revolution would greatly influence the hard-headed peasants and shopkeepers more concerned with basic livelihood. To provide effective conditioning of the area to be invaded, a stepped-up psychological warfare program would also require technical improvements and U.S. guidance over a period of many months not to mention considerable U.S. financial assistance.

Assuming no new Communist aggression in the Far East and the continuation of the drive to cut expenses at home, it seems highly unlikely that the U.S. Congress would appropriate the funds required to prepare for "counterattack" during its next session just prior to the 1954 elections. It seems even less likely, assuming the same conditions, that the present Administration would, during the subsequent session, consciously embark upon a program calculated to involve U.S. forces in a China mainland war just about the time 1956 Presidential elections roll around. The involvement of U.S. forces is not a matter to be taken lightly after having witnessed the political force contained in the "bring the boys home from Korea" motto. Nor is it a matter to be taken lightly from the standpoint of U.S. global strategy. Once we launched such an invasion, militarily and psychologically, we would have become so morally involved as to find it impossible to escape the responsibility of guaranteeing success. The possibilities open to the Soviets for swallowing our strength there and causing us to leave strategically more significant areas relatively unprotected would be worth a thousand Koreas.

The criterion of fulfillment of international obligations is important primarily in connection with recognition and admittance to the United Nations. From the standpoint of acceptance of a government by the Chinese population, however, it is much less significant than demonstrated ability to exercise sovereign control. Red China falls far behind in the category of endeavoring to fulfill international obligations and no doubt will continue to be lacking in this respect for a long time. Yet, if truce is followed by a peace settlement, increased trade and return to something approaching normal relations with Red China, the tendency to forgive past sins will be very strong among our closest Western allies. Our freedom to fight this trend will be limited by the necessity of avoiding an open split with these allies.

Under present conditions, then, it would seem that Communist control of the mainland far outweighs actual or potential Nationalist appeal and Nationalist standing among nations. It would seem inadvisable to urge democratic reform upon the Chinese Government here as a means toward return to the mainland. If we link U.S. support conditionally such reform, it should be in terms of main-

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taining the present level a year or two longer than we would be able to otherwise. It might prove to be an even wiser course adroitly to advocate certain applicable democratic reforms simply on the basis of their own inherent value.

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COMMENTS BY WILLIAM A. BUELL:

Three criteria have been proposed in justification of the recognition of a government: 1) effective control over its territory; 2) fulfillment of its international obligations; 3) popular support of the people under its control. These criteria are not necessarily of equal importance. In modern history the first of these has generally outweighed the others -- one demonstration being that of US policy to recognize revolutionary governments in Latin America without prolonged delay. A marked exception, of course, was US refusal over a 16-year period to recognize the Soviet Union.

The issue of effective control brings into focus one of the most significant aspects of the China problem, namely the Formosa Strait. With regard to all the above criteria Free China (i.e. Formosa) is well qualified, whereas the Peking Government fails badly; on No. 2, and its claim to No. 3 is at least no better than that of any government which must rely on the use of force and fear to maintain internal stability. However, between the territory actually under control of the Government and the territory controlled by the Communists lies 100 miles or so of rough, shallow water. In a struggle between two powers unequipped with substantial naval forces a sea barrier is of the utmost importance, as we have seen in the Communists' inability to take Kinmen over a period of almost four years.

THE FORMOSA STRAIT: A PSYCHOLOGICAL BARRIER

The Formosa Strait has two significant aspects, of which we may first consider the psychological. It is a dangerous thing to make sweeping generalizations about the Chinese National character, as demonstrated by LIN Yu-tang and other scholars who stoutly maintained in the years immediately following World War II that the Chinese would never accept Communism, being psychologically unsuited to it.¹ However, there has been a certain amount of evidence in the 20th Century that the Chinese is a pragmatist. Like the Man from Missouri, he has to be shown. The farmers of China (comprising roughly 85% of the population) are not politically astute, being concerned primarily with the acute problem of digging a living from an overcrowded land. Their concern with politics is limited to their immediate surroundings, and the target of their discontent in the period before the Communist "liberation" was probably not so

¹ Other students of the Chinese, such as John K. FAIRBANK, have presented reasoned arguments that, on the contrary, the autocratic Confucian pattern of Chinese society made them ideal subjects for Communist exploitation.

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much Chiang Kai-shek and the Kuomintang as the usurious landlords, whose rents sometimes exceeded the year's crop. (There is an old Chinese saying that "You cannot tell a mouse that a tiger is fiercer than a cat.")

One of the principal reasons for the success of the Communist revolution, excluded; other important elements such as the dislocations of the War. Resistance against the Japanese and the Soviet gift to the Communists of Japanese Kwantung Army material in Manchuria, was that the Communists concentrated on tangible objectives for the farmers. As the Red Army swept south, political cadres moved ahead, organizing small anti-landlord revolts in village after village. The cadres tapped the wellsprings of a hatred for the landlords that had been nurtured for more than two thousand years. The agrarian population unwittingly substituted for the tyranny of landlord control the greater tyranny of Communist control, but this was not apparent at the time.

In order to recapture the support of the Chinese people, the Chinese Government must demonstrate that a revolt against Communist domination will bring tangible rewards. It is not enough for the Free Chinese to make Formosa a model province, politically and economically, if such an achievement is to take place in a vacuum. The mainlanders must be told about it, and they must believe it. Unfortunately the problem of convincing mainland Chinese that a switch of government would be in their immediate best interests is almost insurmountable in a civil war which has no active fighting front. (Assuming that the Chekiang-Fukien guerrilla raids are at present of not much more than nuisance value.) At the present time the mainlanders are asked to accept the achievements of the Chinese Government across the Strait on faith, through the media of radio, leaflets, and a smattering of guerrillas and indoctrinated infiltrators. The mainlanders may be presumed to accept this sort of information with a high degree of skepticism, particularly in view of the poor state to which Kuomintang administration had fallen in the period immediately before the collapse of Nationalist resistance. In the substantial series of interrogation reports from missionaries and other refugees entering Hong Kong there is ample evidence of dissatisfaction with the present regime but there has been virtually no mention of a popular desire for the return of Chiang Kai-shek.

The establishment of a fighting front on the mainland would go far towards solving this problem by reestablishing direct contact between Nationalist and Communist methods of political and economic control. There would remain the monumental task of the immediate establishment in captured areas of a government under which the over-run population could realize tangible benefits calculated to ensure

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their support.² The political problems facing this emergency government would probably be less difficult to surmount than the economic. The liberating forces will not be able to live off the land, in the traditional manner of Chinese armies, without increasing the resistance of the indigenous agricultural population. The necessity of carrying its own food supply will add appreciably to the problem of logistical support from across the Strait.

THE FORMOSA STRAIT: A MILITARY BARRIER

The above is based on the assumption that a substantial beach-head on the China coast could be established and expanded. Against such an eventuality the Formosa Strait presents a military barrier that is far more formidable than the psychological. There are those who contend that even in early 1950, with the Chinese Nationalist armies demoralized and ill-equipped, with Communist subversion on Formosa not yet brought under control, and with the native Formosan population appreciably more hostile to the Central Government than it is now, the Communists could not have launched a successful invasion of the island. In 1953, with the added elements of MDAP support, three years of demonstrably sound government, and the presence of the Seventh Fleet, the capture of Formosa by the Red Army is even less likely. (This does not, of course, preclude the possibility of air bombardment.)

However, the barrier of the Strait works both ways. The Chinese Navy assault fleet at present, according to MAAG estimates, is capable of carrying not more than a reinforced regiment at best. Furthermore, an invasion fleet would have to contend with the formidable Chinese Communist Air Force. President Chiang and the Ministry of National Defense are perfectly aware of their naval and air shortcomings, and it has been apparent that Chinese officials during the past year have counted heavily on substantial US naval, air, and logistical support in their planning for the counterattack. They are also hoping for US support for the equipping and training of the additional divisions they consider necessary to do the job. (President Chiang's estimate of 60 divisions, while probably a bargaining figure, may not fall far short of the goal.) Figures for military expenditures are so ponderous that they are difficult for the layman to grasp. Colonel BARBER of the MAAG recently estimated, off the cuff, that a minimum of six billion dollars would be required for an invasion of the magnitude planned by the Chinese.

² The Chinese Government is alive to this aspect of the counterattack, as demonstrated by the hard work put in by CHANG Ch'un and other members of the Executive Yuan Planning Committee on plans for the administration of liberated areas.

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Since this is almost twelve times the amount of US aid already expended on Formosa, it raises immediately the question of the American taxpayers and the regard in which they hold the Chinese Government and its programs on Formosa.

Apart from its intrinsic humanitarian advantages, sound, democratic government is bound to win friends abroad for Free China. To a marked degree it has already done so, and the importance of the psychological leverage of Free China on Chinese populations in Southeast Asia is considerable. In the United States less and less is heard of "KMT corruption", though there will inevitably be a small but vocal group of cranks who could never be convinced of the substantial progress on Formosa.

However, the American public, particularly on issues of which it has little direct experience, is capable of marked fluctuations, and it is probable that public opinion towards Formosa will be determined not so much by what happens here as by events in Korea and the rest of the Far East.³ The public will in all probability be willing to support Formosa sufficiently to insure the island's denial to the Communists in the foreseeable future regardless of a truce in Korea, but it is doubtful that support of sufficient magnitude to enable a counterattack will be forthcoming. After the recent Syngman RHEE episode it is even more doubtful that the Administration or the public will wish to become deeply involved in the support of an oriental government.

If fighting should be resumed in Korea the Administration and the American public may be led to the conclusion that the solution in Asia lies in striking directly at the territory of Communist China, with Nationalist troops one of the striking elements, along with the US Strategic Air Force.

A third "if": The outbreak of a general war. In this case military support to Free China would be limited only by US military commitments elsewhere.

The Chinese Government probably has taken all of these "ifs" into account, judging from the keen interest shown in recent Korean developments. Giving them credit for hard-headed honesty, the patient efforts of a large number of Chinese officials towards political and economic reform over the past three and a half years on Formosa are perhaps motivated more by a desire for the support of the island's population than by a calculated design to win

³ One of the more notable examples of this sort of fluctuation in modern times was the meteoric rise of the Soviet Union in public esteem following the rupture of the Nazi-Soviet pact. Almost overnight Russia became a "democratic ally" instead of a "dictatorship."

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US dollars by impressing us with their achievements. Recognizing that Free China's future will be determined by international rather than internal developments, we would perhaps not be honest with our Chinese friends if we indicated that US aid would be predicated upon additional politico-economic reforms.

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Memorandum to all enclosures of SECRET-SECURITY INFORMATION Despatch
#91 from Taipei, dated August 20, 1953.

By a communication from Taipei we are now informed that the above-
described despatch should be corrected in the following particular:
Page two enclosure one, paragraph four, second line should read as follows:
"In Asia, one fact stands out sharply; with the exception of Korea,
Chiang Kai-shek has the only...."

connected

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